

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – MAY 2, 2002

PRESENT: Chairman John Byrne and Commissioners Anthony Maiola and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; George Tsiopras, Chief Accountant; Carolinda Anderson, Accountant; Al Picconi, United Beverages, Inc.

EXCUSED: Craig Bulkley, Bureau Chief of Administrative Services; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

The SA1000 report for the week ending April 28, 2002 shows retail sales were up almost 3.4%, on-premise sales were up 9.35%, off-premise sales were up 150%, and total aggregate sales were up almost 14% over the same week last year. The traffic count increased by 6,260, as did the average sales ticket by \$3.35. George mentioned that there had been a bit of a reporting issue which caused some sales to be overstated.

The W-1 Total Weekly Sales report confirms that total sales increased by 13.8% or \$606,175 for the week, and also increased for the year by 7% or \$17,690,106. Wine sales for the week were up 39.9% or \$620,274, and were also up about 9.6% or \$10,919,923. Sales of spirits were down –1.10% or (\$31,974) on a weekly basis, but were up year-to-date by 5.6% or \$7,875,293.

B. Budget Reports:

The Outstanding Depletions and Post-Offs as of April 30, 2002 report shows all accounts are current.

The latest W-6 Expense Budget Activity Variance Report shows the agency totals should be at 83.29%, with actual expenditures at 79.8%. Transfers have been received for Salaries and Benefits, and Class 60 is now in line and has been corrected. The transfer for In-State Travel will be before Fiscal Committee at their meeting of May 8th, and it is expected that this will be approved by Governor and Council before the end of the month.

The revenue estimate was exceeded by \$100,000 for this month.

George said the auditors were coming in on Tuesday, May 7 for about two weeks for preliminary testing.

Bids for the rubbish contracts are expected in on Friday, as they are for carriage care.

A problem has arisen regarding the Computer Associates contract in that the company is not a particular type of vendor (IT507) listed with DITM. This issue has been discussed with the Attorney General's Office. DITM will make the contract standard, do a review of the company's financial situation, and will present it to Governor and Council as a "sole source" contract. It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that this action be approved.

The credit card RFP has been delayed slightly, and there will be a meeting next Tuesday to look at the draft. In the meantime, an extension with Fleet to be covered for the next six to eight months is being considered. It is expected the new contract will be implemented sometime after February 2003. Chairman Byrne asked that the provision of gift cards be researched. He felt that if Fleet can provide this service, an extension would be fine; otherwise, a new RFP should be issued just to cover gift cards. George briefly explained past problems with Fleet's contract services.

2. IT Reports

Everything is on target as far as hardware installation is concerned. As mentioned earlier, a medical emergency has caused the software project to fall behind a week.

Bids were opened for the store maintenance RFP this week, which should come out at about \$105,000.

Howard reported that a successful meeting was held with Triversiti regarding POS software. The only serious issue is that they don't have the mechanism to provide house credit, which would necessitate changes to the system.

The ACR contract will expire on June 30th. We will pursue a one-year extension.

II. MARKETING & SALES REPORTS

1. Store Operations

A. Ten (10%) Percent Coupon Policy Recommendation – Store Operations Manual – Revision:

This item was removed from the agenda, to be discussed during Executive Session.

B. Relocation of New Hampshire Stories Store #76 – Hampton I-95 North:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve the relocation of the N.H. Stories Store to a new location within Store #76 Hampton consisting of 390 square feet, together with a new lease for a period of five (5) years, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

According to the W-8 Total Sales report for the week ending 4/28/02 as compared to the same week last year, total store sales were up \$127,460 or 3.24%. The Lakes Region and Cluster 2 stores are starting to come alive, while the two Hampton highway stores were relatively quiet.

There were three minor occurrences during the recent stores' inventory, but no major problems.

2. Warehouse Report

Concord Warehouse inventory took place with no problems. John Bunnell mentioned the passing of Bob Woods, a valued employee who had worked in the warehouse for many years. George mentioned that the inventory taken at Law also went very well.

3. Purchasing Report

The latest out-of-stock report was not available at the time of the meeting, but will be available later in the afternoon.

4. Merchandising Report

A. SPIRITS:

1) Test Market Items:

a. Test Market Request (TGI Fridays On The Rocks – 3 items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo North America for new test market product listings for the following TGI Fridays 750ML size products, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales:

On The Rocks Mudslide (assigned Code #5500); On The Rocks Pina Colada (assigned Code #5501); and On The Rocks White Russian (assigned Code #5502). The motion was unanimously adopted.

b. Test Market Recommendation (Code #8180):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission grant specialty listing status to Code #8180, Vermeer Dutch Chocolate Cream, 750ML size, as this product has exceeded the gross profit required for such listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Specialty Status Request (Code #3699):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission rescind the decision of April 18, 2002 to delist Code #3699, Chopin Vodka, 1.75L size for failure to earn the gross profit required for a line extension, and grant an appeal from Martignetti Companies of N.H. allowing this item specialty item status, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Appeal (Alize Red):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission rescind the decision of April 11, 2002 to deny a line extension for Alize Red in the 375ML size, and grant an appeal from Horizon Beverage Company to allow an added size listing in the 375ML size (assigned Code #5257), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. TGI Fridays On The Rocks Pina Colada:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo North America to list TGI Fridays On The Rocks Pina Colada in the 200ML size (assigned Code #5274), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) June Special Offers:

a. 53 items – Horizon Beverage Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of fifty-three (53) spirit items, to be featured on sale during June 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 70 items – United Beverages, Inc.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions (with no matching funds) of seventy (70) spirit items, to be featured on sale during June 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Recommended Wine Specialty Products (5 items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve five (5) wine codes from Kobrand Corporation/ Horizon Beverage Company to be listed as wine specialty products to be carried in wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Primary Source Submissions (3 items – exclusive agent; 20 items – imported):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of three (3) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and twenty (20) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS

None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve all reviewed requests for bailment releases/transfers dated April 26 through May 2, 2002. The motion was unanimously adopted.

2. Coupon Approvals:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve all coupon submittals for the month of May 2002, as reviewed and approved by Richard Gerrish, Spirits Marketing Specialist and Nicole Horton, Wine Marketing Specialist. The motion was unanimously adopted.

3. Late Items: None.

John W. Byrne, Chairman

Anthony C. Maiola, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford

